

MEMORANDUM

Date: March 13, 2007

To: Members, California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Approval of Proposed Regulation Text and Initiation of Rulemaking Action for the Charter School Working Capital Program, Resolution 07-06

Background

The Authority was created in 1985 to provide financing to school districts and community college districts for educational facilities as well as working capital (Education Code sections 17170-17199.5). Since the passage of the Charter School Act of 1992, charter schools have become a viable option for those seeking choice in education, and as of the 2006-07 school year, more than 570 charter schools serve over 180,000 California public school students.

Recently, the Authority's statute was amended to allow charter schools to access financing through the Authority (Walters, statutes of 2006). With cooperative support from the charter school community and capital market participants, the Charter School Working Capital Program is being developed to provide California charter schools with access to relatively low cost financing to relieve temporary cash flow deficits, generally attributable to enrollment growth, in advance of the receipt of certain state and local funding.

Discussion

Proposed program regulations have been developed for the new Charter School Working Capital Program and are attached for the members' consideration. Upon adoption by the members of the proposed language, staff will initiate the rulemaking file and will distribute the Notice and text to interested parties for the 45-day public comment period.

Recommendation

Staff recommends that the California School Finance Authority approve Resolution No. 07-06, Adopting the Regulations for the Charter School Working Capital Program.